

## **RECORD OF PROCEEDINGS**

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### **MINUTES OF THE BOARD OF WATER COMMISSIONERS**

**Open Session**

**February 9, 2005**

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, February 9, 2005 beginning at 9:30 a.m. in the Board Room, Room 309, 1600 West 12<sup>th</sup> Avenue, Denver, Colorado. Members of the Board present during the Regular Meeting were:

**George B. Beardsley, First Vice President**  
**Thomas A. Gougeon, Vice President**  
**Denise S. Maes, Vice President**

Board employees and others present during portions of the Meeting were:

H. J. Barry, Manager  
P. L. Wells, General Counsel  
D. B. LaFrance, Director of Finance  
E. E. Pokorney, Director of Planning  
M. L. Bassett, Director of Public Affairs  
B. D. Good, Director of Operations & Maintenance  
J. L. Diebel, Director of Engineering  
C. Elam-Floyd, Manager of Human Resources  
K. Kempke, Manager of Treasury Operations  
S. Renouf, Community Affairs Specialist  
C. R. Dermody, Manager of Information Technology  
M. L. Walker, Attorney  
M. D. Waage, Water Resource Engineer  
R. Lamb, Assistant Superintendent of Maintenance  
K. K. Riegle, Attorney  
L. Cesario, Engineer  
J. E. Hagan, Purchasing Agent  
B. Reum, Mgr Geospatial Information & Technology  
L. Firth, Manager of Community Relations  
J. E. Crockett, Manager of Risk & Benefit  
R. G. Steger, Water Resource Engineer  
C. Hernandez, Water Quality Investigator  
S. Miller, Manager of Health Care Administration

**February 9, 2005**

**Page 1**

## RECORD OF PROCEEDINGS

---

### MINUTES OF THE BOARD OF WATER COMMISSIONERS

Dave Romero, Denver Parks and Recreation  
Rick Sackbauer, Citizens' Advisory Committee  
Roberta Simonton, Citizens' Advisory Committee  
Mary Brauer, Reinhart, Boerner and Van Deuren  
Gail Rowe, Professional Security  
Kris Smith, Suncor Energy  
Mary Richardson, Suncor Energy  
Mike Korenblat, Suncor Energy  
James Legas, CAC/McCoy-Jensen HOA  
Jerry Denn, MWH Americas, Inc.

#### Media

Kim McGuire, Denver Post

Commissioner Beardsley called the meeting to order.

Upon motion regularly made, seconded and unanimously carried, Commissioners Kirk and Roberts were found to be absent for substantial cause and were excused.

Upon motion regularly made, seconded and unanimously carried, the reading of the Minutes of the Regular Meeting of January 12, 2005 was dispensed with and such Minutes were approved.

Upon motion regularly made, seconded and unanimously carried, the Minutes of the Executive Session of January 12, 2005 were approved.

#### PUBLIC COMMENT

In response to Commissioner Beardsley's invitation to comment concerning matters not on the Board's agenda, Rick Sackbauer, a member of Citizens' Advisory Committee representing Western Slope interests, commented regarding January meetings between representatives of Grand, Summit, Eagle and Mesa Counties, as well as representatives from the Grand Valley area and the Colorado River Water Conservation District. Mr. Sackbauer explained that as a result of conversations between Denver Water staff and various West Slope interests, the consortium of Western Slope entities was exploring the possibility of an overall solution to Colorado River Water issues involving Denver Water. As a result of the meetings, a 14-point list

## RECORD OF PROCEEDINGS

---

### MINUTES OF THE BOARD OF WATER COMMISSIONERS

of issues had been developed. The proposed discussion points were now being more completely developed by technical staff in anticipation of making a presentation to the Board of Water Commissioners sometime in March. The intent is to address the issues as they affect the State of Colorado, rather than individual water users. Mr. Sackbauer explained that the issues that had evolved from discussions with Water Department planners were broader in scope than the individual issues which had been addressed by individual representatives within each county.

The Commissioners thanked Mr. Sackbauer for his comments and expressed an interest in resolving issues involving the Colorado River and its tributaries.

Upon motion regularly made, seconded and unanimously carried by the Commissioners then present, unless otherwise noted, the Board acted upon the following agenda items:

1. **ITEM V-B-1: LETTER OF UNDERSTANDING WITH SUNCOR ENERGY REGARDING RECYCLED WATER SERVICE**

Approved a Letter of Understanding with Suncor Energy regarding replacement of a portion of the potential use of potable water under Read and Bill Contract No. 217 with recycled water, all as more completely outlined in the Letter, a copy of which is attached to and incorporated in these Minutes as Exhibit "A."

Mr. Diebel provided an overview of the issues addressed by the Letter of Understanding. Treated water is delivered to Suncor through an 8-inch tap, which if used to its maximum potential would provide 3870 acre-feet of water. Suncor would meet a portion of its demand through a recycled water tap beginning in late 2005. Payment for recycled water would be at the potable water rate for the first 30 months of deliveries, and thereafter at the rate for recycled water outside the City. In order to use recycled water, Suncor will build a pipeline from the Recycling Plant and Denver Water will construct pumping and other facilities at the Recycling Plant. The details of the relationship will be set forth in agreements which have not been developed.

Mr. Diebel then introduced Kris Smith, Mary Richardson, and Mike Korenblat of Suncor. Mr. Smith thanked the staff for working to address the issues and explained how water from the Recycle Project meets Suncor's long-term needs. Water will initially be used for cooling purposes. Ms. Richardson

## RECORD OF PROCEEDINGS

---

### MINUTES OF THE BOARD OF WATER COMMISSIONERS

explained that a reverse osmosis system is expected to be constructed to enable the use of recycled water for other nonpotable purposes.

2. **ITEM V-D-1: PROFESSIONAL SERVICES AGREEMENT WITH EXSTREAM SOFTWARE**

Approved entering into an agreement with Exstream Software, Inc. necessary for implementation of the new communication software at a cost to the Board not to exceed \$75,000.

Ms. Bassett explained that because of the different services provided, Denver Water needs to provide bills with different information and format to various customer classes. Denver Water staff will work with each classification of customer in order to create software which meets the needs of those customers as a part of the customer information service upgrade.

3. **ITEM V-D-2: IRRIGATION EFFICIENCY CONTRACT WITH PRIMROSE ABOVE BEAR CREEK HOME OWNERS ASSOCIATION**

Approved entering into an Irrigation Efficiency – Demand Side Management agreement with Primrose Above Bear Creek Homeowners Association to replace and improve the irrigation system, with payments for saving based upon a five-year verification program beginning with the 2005 irrigation season, and the total reimbursable amount not to exceed \$60,000, all as more specifically described in the Agreement, a copy of which is attached to and incorporated in these Minutes as Exhibit “B.”

Commissioner Beardsley requested that staff provide an outline to the Commissioners which describes the irrigation efficiency program, its criteria and policy.

4. **ITEM V-D-3: RATIFICATION OF CONSTRUCTION CONTRACT CHANGE ORDERS AND AMENDMENTS**

Approved change orders to construction contracts and amendments to agreements authorized by the Manager in October through December 2004 as follows: Change Order No. 27 to the Contract with Western Summit Constructors, Inc. and Lillard and Clark Construction Co., Inc., a Joint Venture, for construction of the Reuse Project, Bid Package No. 7; Change Order No. 1 to the contract with T. Lowell Construction, Inc. for vault construction on Conduits Numbered 44, 76 and 12; Change Orders

## RECORD OF PROCEEDINGS

---

### MINUTES OF THE BOARD OF WATER COMMISSIONERS

Numbered 13, 14, 16 and 17 to the contract with Spiniello Companies for the 2004 pipe rehabilitation program; Change Orders Numbered 4 and 5 to the contract with Wilderness Construction Company to furnish and install security facilities at the Marston, Moffat and Foothills Water Treatment Plants; Change Order No. 1 to the contract with Blazer Waterproofing Systems, Inc. for concrete repair at the Marston Treatment Plant Filter Building No. 1; Change Order No. 1 to the contract with TC2, Inc. for the Roberts Tunnel East Portal Third Caretaker Residence; Change Orders No. 1 and 2 to the contract with Alford Construction, LLC, for the Foothills Treatment Plant, Chemical neutralization vault enclosure; Change Order No. 1 to the contract with Premier Specialty Contractors, Inc. for concrete repair at the Capitol Hill Basins No. 1 and 3; amendment to the August 7, 2001 contract with Camp Dresser & McKee regarding the Marston Treatment Plant; amendment to the agreement dated October 1, 2002 with National Waterworks to provide brass and bronze items; amendment to the November 1, 2002 agreement with Midwest Chemical & Supply, Inc. to supply plastic liners/sheeting; amendment to the March 1, 2004 contract with A-1 Lawn and Landscaping, Inc. for lawn mowing; amendment to the May 1, 2002 contract with Colorado Asphalt Service, Inc. to provide bituminous cold-patching material; amendment to the February 1, 2002 agreement with Castings, Inc. to provide meter pit lids; amendment to the January 1, 2000 contract with LCI Limited to provide sodium silicofluoride; and amendment to the September 9, 2004 contract with PG Construction Services, Inc. for the Public Housing Authority water conservation audit/retrofits program, all as more particularly described in Agenda Item V-D-3 dated February 9, 2005, a copy of which is attached to and incorporated in these Minutes as Exhibit "C."

5. **ITEM V-D-4: CONTRACT FOR CONSULTING SERVICES WITH BBC**  
Approved entering into a contract with BBC Research and Consulting to conduct focus groups, telephone surveys and interviews and to prepare a report regarding the education/advertising campaign for 2005, at a cost to the Board not to exceed \$54,220, all as more particularly described in the Contract, a copy of which is attached to and incorporated in these Minutes as Exhibit "D."

## RECORD OF PROCEEDINGS

---

### MINUTES OF THE BOARD OF WATER COMMISSIONERS

6. **ITEM V-D-5: CONTRACT WITH SYBASE, INCORPORATED AND POWER DESIGNER SOFTWARE**  
Approved entering into an agreement with Sybase, Inc. to provide Power Designer Software and the first year of maintenance and support, at a total cost to the Board not to exceed \$50,000.
7. **ITEM V-D-6: AWARD OF CONTRACT FOR SQUEEGEE SAND AND AGGREGATE BASE COURSE**  
Authorized award of a contract to Brannan Sand and Gravel to provide Denver Water's requirements for squeegee sand for the contract period February 21, 2005 through January 31, 2006, at a cost of \$2.55/ton and to Oxford Recycling to provide the requirements of aggregate base course for the same period, at a cost of \$2.99/ton with total authorized expenditures pursuant to Schedules I and II not to exceed \$57,120 and \$65,780, respectively, such awards being based upon best total price, which includes hauling and compliance with specifications.
8. **ITEM V-D-7: PURCHASE OF VALVE ACTUATORS**  
Authorized the purchase of described Limitorque valve actuators required at the Moffat Treatment Plant from Municipal Valve, LLC for at a total cost not to exceed \$111,510.
9. **ITEM V-D-8: PURCHASE OF FLOW AND HEAD TRANSMITTERS AND MANIFOLD VALVES FOR MOFFAT TREATMENT PLANT**  
Authorized the purchase of flow and head transmitters and manifold valves necessary for the Moffat Treatment Plant, from Emerson Process Management at the unit costs set forth in the tabulation of Contract No. 08209A, attached to and incorporated in these Minutes as Exhibit "E," for a total purchase price of \$42,599.04.
10. **ITEM V-D-9: AGREEMENT FOR ARMED GUARD SECURITY SERVICES FOR FOOTHILLS TREATMENT AND RECYCLING PLANTS**  
Authorized execution of a contract with Professional Security, LLC to furnish armed guard security services at the Foothills Water Treatment Plant and the Recycling Plant for the period February 1, 2005 through January 31, 2008, at a rate of \$30/hour and a total contract amount not to exceed \$788,400.

## RECORD OF PROCEEDINGS

---

### MINUTES OF THE BOARD OF WATER COMMISSIONERS

Mr. Good explained the need for 24-hour security at key Denver Water facilities and locations. In the City of Denver, off-duty Denver Police Officers provide security, but Denver Police Officers are not able to provide security at locations outside the City limits. Various private companies have provided security services at outlying areas, but the service has not been satisfactory. Professional Security, LLC will be able to provide trained personnel. In addition to providing security services, Professional Security personnel would be directly involved with the Hazardous Response Plan at the Foothills and Recycling Plants. The Commissioners asked that additional investigation be made to determine the feasibility of contracting with a single entity for security at all facilities.

11. **ITEM V-D-10: PURCHASE OF VEHICLES**

Authorized the purchase of 15 Ford F-250s with various options from Valley Ford, Inc., under the State of Colorado Master Vehicle Contract, at a total cost of \$304,271, which vehicles are more particularly described in the tabulation of Vehicles for Contract No. 08210A, a copy of which is attached to and incorporated in these Minutes as Exhibit "F."

12. **ITEM V-D-11: PURCHASE OF TRAILER-MOUNTED HIGH PRESSURE POWER WASHER**

Authorized the purchase of one Pipehunter High Pressure Power Washer Trailer Jet from Williams Equipment & Supply, Ltd., for a total contract amount of \$48,800.

Chris Hernandez of the Water Quality Lab provided information to the Commissioners regarding the need to clean and chlorinate newly installed water pipe. Mr. Hernandez explained that the acquisition of a high-pressure power washer will improve efficiency and provide cleaner, safer water to Denver Water customers.

13. **ITEM V-D-12: AGREEMENT FOR RELIABILITY—CENTERED MAINTENANCE FEASIBILITY STUDY**

Authorized entering into a contract with New Dimension Solutions to assist operations and maintenance personnel in developing a Reliability-Centered Maintenance (RCM) program for Denver Water, at a cost not to exceed \$52,500.

## RECORD OF PROCEEDINGS

---

### MINUTES OF THE BOARD OF WATER COMMISSIONERS

Mr. Lamb explained that Denver Water had worked with New Dimension Solutions and the AWWA Research Foundation to develop a pilot project at the Marston Pump Station. The focus of Reliability-Centered Maintenance is to determine what the functions of an asset are, the ways in which it can fail, what causes and effects would result from the failure and what can be done to prevent or predict the failure. Based upon the pilot program, it appears that a predictive maintenance program could be developed with positive impact on Denver Water's facilities.

14. **ITEM V-D-13: EXTENSION OF CONTRACT FOR MECHANICAL JOINT RESTRAINTS**

Authorized extension of the March 10, 2004 contract with Star Pipe Products to furnish mechanical joint restraints for the contract period ending March 31, 2005, for an estimated additional amount of \$236,000, total contract amount not to exceed \$422,000.

15. **ITEM V-D-14: INTERGOVERNMENTAL AGREEMENT WITH THE CITY AND COUNTY OF DENVER**

Approved entering into an Intergovernmental Agreement with the City and County of Denver to share geographic data via a secured network connection, all as more particularly described in the Agreement, a copy of which is attached to and incorporated in these Minutes as Exhibit "G."

16. **ITEM V-E-1: HUMAN RESOURCE CHANGES**

Approved the human resource changes set forth in Agenda Item V-E-1 dated, February 9, 2005, a copy of which is attached to and incorporated in these minutes as Exhibit "H," effective the pay period ending **January 28, 2005** unless otherwise noted.

17. **ITEM V-E-2: EMPLOYEES ELIGIBLE FOR REGULAR STATUS**

The following employees were classified as regular employees of the Board, with all rights and privileges thereof, effective **March 1, 2005**, unless otherwise noted:



## RECORD OF PROCEEDINGS

### MINUTES OF THE BOARD OF WATER COMMISSIONERS

Employee Name	Employment Date	Retirement Plan Participation Date Unless otherwise noted <sup>^</sup>	Division/Section
Daniel Arnold	08/12/2004	08/12/2004	Legal #050
Russell Barfoot	08/23/2004	08/23/2004	Water Quality Laboratory #230
Daniel Thompson	08/23/2004	08/23/2004	Survey #240
Kimberly Chancellor	05/05/2004	05/05/2004	Customer Care #460
Brett Swier	04/26/2004	04/26/2004	South Boulder Area #510
Armando Herald	08/16/2004	08/16/2004	Marston #630
William Allen	08/09/2004	08/09/2004	Emergency Services #770
Michael LeFevre	08/16/2004	08/16/2004	Mechanical Shop #950
Bradley Peterreins	08/16/2004	08/16/2004	Predictive Maintenance #970

18. **ITEM V-E-3: 2005 RISK MANAGEMENT/INSURANCE PROGRAM**

Approved continuation of the self-insured program for liability exposure; accepted the renewal proposal from Liberty Mutual Insurance Company to provide Workers' Compensation coverage for 2005, for an estimated annual advanced premium of \$1,942,815; and accepted the insurance renewal proposal of FM Global to provide property coverage for catastrophic losses at the Westside Complex, Marston Treatment Plant and Lab, Moffat Treatment Plant, Foothills Treatment Plant, and the Recycling Plant for a coverage of \$400 million with a deductible of \$100,000. Under the property coverage program, other specified locations are insured for up to \$2 million.

19. **ITEM V-F-1: AMENDMENT OF THE BYLAWS OF THE DENVER BOARD OF WATER COMMISSIONERS**

Approved and adopted the revised Bylaws of the Denver Board of Water Commissioners, as set forth in Exhibit "I," attached to and incorporated in these Minutes.

20. **ITEM VI-B-1: DISCUSSION AND INFORMATION: DISPOSAL OF USED VEHICLES AND EQUIPMENT**

The Commissioners received a report regarding disposal of used vehicles and equipment in 2004, a copy of which is attached to and incorporated in these Minutes as Exhibit "J."

## RECORD OF PROCEEDINGS

---

### MINUTES OF THE BOARD OF WATER COMMISSIONERS

21. **ITEM VI-B-2: DISCUSSION AND INFORMATION: DIA FLUSHING REPORT**

Mr. Diebel reported that the valves necessary to reduce the flushing of potable water at Denver International Airport have all been installed and Denver Water crews are cleaning and disinfecting the water lines, and it is expected to have the facilities online by February 18.

22. **ITEM VI-B-3: DISCUSSION AND INFORMATION: LEGISLATIVE REPORT**

Mr. Barry reported regarding various items affecting the Board, including House Bill 1177 and House Bill 1063.

23. **ITEM VI-C: DISCUSSION AND INFORMATION: DROUGHT/CONSERVATION**

Mr. Waage presented the Water Supply Update dated February 9, 2005 to the Commissioners and the public, and a copy is attached to and incorporated in these Minutes as Exhibit "K." Mr. Waage noted that while the state-wide average of snow pack data is at 110% of normal, the South Platte Basin is 86% of normal and the snow pack above Denver Water's facilities is at 79% of normal. Likewise, the snow pack in the Upper Colorado River watershed is 96% of normal, but the snow pack above Denver Water's facilities is only 78% of normal.

Commissioner Beardsley requested that staff and the Commissioners hold a study session to develop an outline of the proposed communication program with Denver Water customers anticipating continuation of the drought; development of a program to encourage Denver Water customers to be sensitive to water use; development of a preliminary restriction program; development of a program for proposed surcharges and rates which would be used if the drought continues; and development of a program for setting individual water budgets. Although the forecasts are preliminary, Commissioner Beardsley requested that Denver Water and the Board be prepared to address the need for restrictions. The study session for February 23, will address the foregoing issues. Mr. Pokorney explained that Mr. Waage's estimates are preliminary and that the overall forecast of water storage and river conditions is more appropriately made based upon the April 1 snow pack.

## RECORD OF PROCEEDINGS

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### MINUTES OF THE BOARD OF WATER COMMISSIONERS

24. **ITEM VI-F-1: DISCUSSION AND INFORMATION: STATUS OF THE INVESTMENT PORTFOLIO**

The Commissioners received the report, "Denver Water Investment Portfolio as of January 31, 2005" as set forth in Agenda Item VI-F-1 dated February 9, 2005, a copy of which is attached to and incorporated in these Minutes as Exhibit "L."

25. **ITEM VI-F-2: DISCUSSION AND INFORMATION: MANAGER'S OPERATION REPORT**

The Board was furnished with the Manager's Operation Report dated February 9, 2005, a copy of which is attached to and incorporated in these Minutes as Exhibit "M," which consists of the following individual items:

1. Water Use and Supply Reports
2. Status of Contract Work
3. Status of Consultant Services

26. **ITEM VI-G-1: SCHEDULING OF FUTURE BOARD MEETINGS**

The Board confirmed a Study Session will take place on **Wednesday, February 23, 2005**, at **9:00 a.m.** in the Three Stone Buildings, 1600 W. 12<sup>th</sup> Avenue, Denver, Colorado. The topics to be discussed include those related to supply, drought, demand and conservation considerations.

The Board determined that the Regular Meeting for the month of **March** would be held on **Wednesday, March 9, 2005**, at **9:15 a.m.** in the Board Room, Room 309, 1600 West 12th Avenue, Denver, Colorado.

No further business appearing, the Board voted unanimously to adjourn into the Trustee Meeting at approximately 11:22 a.m.

Commissioner Beardsley noted that following the Trustee Meeting, the Board would meet in Executive Session. The Executive Session commenced at approximately 11:58 a.m.

## RECORD OF PROCEEDINGS

---

### MINUTES OF THE BOARD OF WATER COMMISSIONERS

#### **EXECUTIVE SESSION**

On Wednesday, February 9, 2005, commencing approximately at 12:00 noon in the Board Room, located in the Administration Building, 1600 West 12th Avenue, Denver, Colorado, the Board of Water Commissioners met in Executive Session. The following matter which is authorized by C.R.S. § 24-6-402 or D.R.M.C. § 2-34 was discussed during the Executive Session:

1. Litigation § 24-6-402(4)(b)
2. Negotiations § 24-6-402(4)(e)

There being nothing further for the Board to consider, the Executive Session concluded at approximately 12:16 p.m.

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President

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Secretary